

FAMILY FIRST

May begins with the end of the state of emergency in Portugal and the beginning of the de-escalation in Spain. In this scenario, we focus on Family Law with children as main actors with Vestalia Asociados

LAW FIRMS' VITALS

We check the firms' vitals through the expert vision of different legal communication agencies and some prestigious law firms in-house communication managers

TOP 50 IBERIAN LAWYER RISING STARS

We pay our particular tribute to talent in the Iberian market legal sector. They represent the best guarantee for the future of the legal profession

PRIVATE EQUITY: PORTUGAL IS STILL SHINING

Mafalda Almeida Carvalho, partner at CCSL Advogados, tell us that, although the next few months will be challenging, Portugal is now better prepared to face the crisis



Assisted by Portuguese and Spanish leaders of each law area, we seek the North of Business Law, diagnosing the health of some of the most relevant practices

IN THE EYE OF THE STORM

THE LEGAL MARKET IS FIGHTING BACK



The COVID-19 pandemic remains the world's biggest concern and the scenario is likely to drag on for several months. With more than three million people infected and more than 240,000 deaths globally, countries struggle daily to survive this deadly virus. In the most affected European countries, states of emergency have been extended and the call for self-isolation remains, albeit with some easing of restrictions.

by patricia cardoso

In Portugal, although figures continue to show that the virus has been controlled in time, several sectors of the economy have been greatly affected. At the time of writing of this article, there were less than 1000 deaths from coronavirus and Marta Temido, minister of Health, has assured that the high of this pandemic happened at the end of March. Still, its consequences can be felt in the months to come. Iberian Lawyer spoke with six Portuguese firms, Pinto Ribeiro Advogados; Antas da Cunha Ecija & Associados; Morais Leitão, Galvão Teles, Soares da Silva & Associados; CCSL Advogados; Telles Advogados and CRS Advogados, working every day in the most affected sectors - Foreign Investment, Labour, Taxes, M&A and Litigation - to understand what measures have been taken to mitigate the effects, how clients are reacting and what is expected for the second half of 2020.

FOREIGN INVESTMENT

André Miranda, partner at Pinto Ribeiro Advogados

This sector has been hurt in several ways. We have foreign investors who cannot travel to Portugal due to the restrictions. Then we have clients who had already made decisions to buy and with this pandemic they decided to suspend them. Third, clients who are in the middle of the acquisition process and are now also asking to postpone it. In other words, we have a panoply of customers who are blocked from their investment processes. It is a snowball that is intensifying and will result in a reduction of foreign investment, but I think it is circumstantial. The first quarter of 2020 was worth €1.5 billion in Real Estate investment, the best first quarter ever in Portuguese democracy. This market began to grow three or four years ago as a sector that is becoming more and more professional and with an increasingly qualified supply. However, the second quarter has already seen a decline. Mário Centeno, minister of Finance, said that each month stopped represents 6.5% in the reduction of wealth that is produced. The Real Estate market, which represents around 15% of that wealth, obviously has a very significant weight. Our economic agents are much more mature, but we are losing each passing moment.

2008/2020: Two Different crisis

After the financial crisis of 2008, there was a huge crisis in construction, for example, with many bankruptcies. It disappeared almost completely. In the last five years, it had been restored again and I think that this sector will not fall again because there is, in fact, a great dynamism and foreign investment. We are in a different situation than 10 years ago. And, above all, there is an international perception that Portugal has been able to calculate the risks of this crisis and has been able to take early action. This is also a sign of progress, of the development of our country and it is also another characteristic that makes foreign investors look at Portugal as a country with stability to invest in.

Clients are still interested

At Pinto Ribeiro Advogados, we work very closely



“THERE IS AN INTERNATIONAL PERCEPTION THAT PORTUGAL HAS BEEN ABLE TO CALCULATE THE RISKS OF THIS CRISIS AND HAS BEEN ABLE TO TAKE EARLY ACTION. THIS IS ALSO A SIGN OF PROGRESS, OF THE DEVELOPMENT OF OUR COUNTRY AND IT IS ALSO ANOTHER CHARACTERISTIC THAT MAKES FOREIGN INVESTORS LOOK AT PORTUGAL AS A COUNTRY WITH STABILITY TO INVEST IN.”

André Miranda, Pinto Ribeiro Advogados

“THE FIRST QUARTER OF 2020 WAS WORTH €1.5 BILLION IN REAL ESTATE INVESTMENT, THE BEST FIRST QUARTER EVER IN PORTUGUESE DEMOCRACY.”

André Miranda, Pinto Ribeiro Advogados

with our clients, we have around 400 of them, individual investors and also more qualified investors. It is necessary to keep clients informed about what is going on in the country and they are. All of them have signalled to us that once the activity is reopened, they want to continue with the investment. What we anticipate for the second half of the year is that there will be a growing interest in activities such as acquisitions, which may be both due to internal groupings, that is, mergers of domestic companies, and there may also be a phenomenon of foreign investment that will take positions here in some companies that may need capital to maintain their activity..

CHANGE OF STRATEGY

This government has adopted measures contract foreign investment in the past. For example, the provision of a legislative change to end ‘golden visas’ for Lisbon and Porto, the increase in taxation on the income of pensioners, measures to restrict local housing in large cities or the creation of a more significant tax on investments above 1 million euros. Now, everything has changed. We will have to give positive signs to the investment market again and that means reviewing these measures. We are a very small country so we have to create conditions to be competitive. People are not aware that there is still a lot of liquidity in the international market.

LABOUR

Pedro da Quitéria Faria, partner at Antas da Cunha Ecija & Associados

In Labour law, these last four weeks...in 15 years I do not even remember anything comparable. Everything we are experiencing has a strong component of labour law to which we must add a brutal set of successive amendments to various diplomas which oblige us to be ‘up to the minute’ so that we can inform clients.

Lay-off

This was the biggest measure. We laborers used to say that lay-off was a mechanism before insolvency. However, that has changed. Ana Mendes Godinho, minister of Labour, said there were amounts around €300 million per month in ‘lay-off support’ and this is going until the 30th of June. We are talking about truly colossal amounts and the level of companies that applied to this support has also been very high. I think the moment of change was the lay-off of TAP. After that, other companies, financially robust ones, like IKEA, El Corte Ingles, Autoeuropa have followed. They’re not companies that financially had a rope around their necks. But here there is a fundamental issue that is - even these companies meet lay-off eligibility criteria. Once it is reached, these companies have to be treated like the others because the legislator did not want to make any legislation on turnover volumes or the number of employees.

“IN LABOUR LAW, THESE LAST FOUR WEEKS...IN 15 YEARS I HAVE NOT EVEN REMEMBERED ANYTHING COMPARABLE.”

Pedro da Quitéria Faria, Antas da Cunha Ecija & Associados

What wasn't done?

As soon as the crisis began, other mechanisms could have been created that were not even thought of. For example, a non-refundable financial injection for micro and small businesses. Support